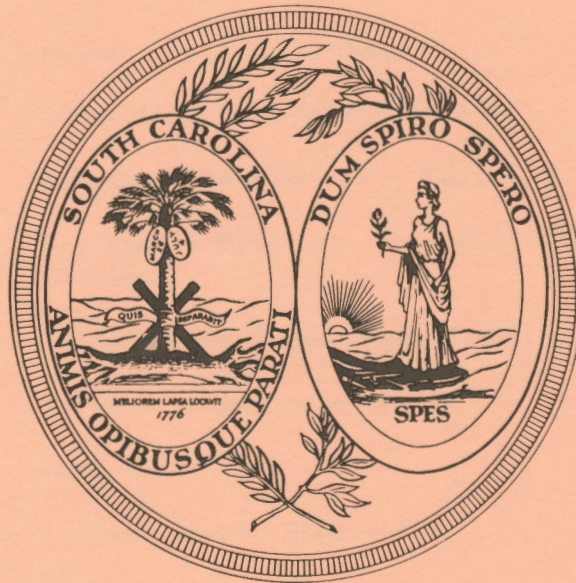


C7665
1.995
Copy 2

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS



ANNUAL REPORT 1992-1993

Printed Under The Direction Of The
State Budget And Control Board

S. C. STATE LIBRARY
JAN 11 1994
STATE DOCUMENTS

LETTER OF TRANSMITTAL

The Honorable Carroll Campbell Governor and Members of the General Assembly.

Gentlemen and Ladies:

We are pleased to submit, in accordance with the requirements of the S.C. Consumer Protection Code, the Eighteenth Annual Report of the S.C. Department of Consumer Affairs for the period July 1, 1992 to June 30, 1993. Correspondence may be addressed to all Commissioners, c/o S.C. Department of Consumer Affairs, Post Office Box 5757, Columbia, S.C. 29250

Respectfully submitted,

COMMISSION ON CONSUMER AFFAIRS

Lehman A. Moseley, Jr., Chairman, Greenville

Dr. Lonnie Randolph, Jr., Vice Chairman,
Columbia

Secretary of State James M. Miles, Chapin

Barbara League, Greenville

Gene McCaskill, Camden

Lillian Bloom, Greenville

Robert Leapord, Greer

DeAnna Trout, Moncks Corner

Harry Walker, Columbia

TABLE OF CONTENTS

Letter of Transmittal	1
Table of Contents	2
Report of Administrator to Commission on Consumer Affairs	3
Department of Consumer Affairs Organization	4
Commission on Consumer Affairs	4
Council of Advisors on Consumer Credit	4
Committee on Consumer Affairs	5
S.C. Department of Consumer Affairs	6
History and Purpose	6
Organization	6
Main Objectives	6
Services	7
Consumer Complaint Procedure	7
Office of Administrator of Consumer Affairs	8
Division of Administration	9
1992 Statement of Expenditures	10
Registered Creditors.....	12
Maximum Rate Schedule Filings	14
Motor Club Filings	15
Physical Fitness Filings.....	16
Pawn Broker	16
Mortgage Loan Brokers.....	17
Legal Division.....	18
Public Information and Education Section	26
Public Information Activities.....	26
Educational Activities.....	28
Division of Consumer Services	30
Table I	31
Explanatory Notes	32
Written Complaints Closed.....	33
Table II	33
Explanatory Notes	33
Table III	34
Table IV	35
Division of Consumer Advocacy	37
Function	37
Administrative Hearings	37
Civil Proceedings	39
Organizational Involvement	39
Legislative Involvement.....	40
Information Procedure	41
Historical Data	42

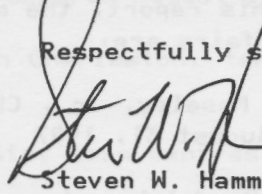
REPORT

TO: The S.C. Commission on Consumer Affairs

Gentlemen and Ladies:

In compliance with the requirements of the S.C. Consumer Protection Code, I am pleased to provide you with the Annual Report of the S.C. Department of Consumer Affairs covering Fiscal Year 1993. This is a report of the S.C. Department of Consumer Affairs and includes information on its operation, functions, duties, and organization. Information on consumer complaints and registered creditors subject to the provisions of the S.C. Consumer Protection Code is included in summary form.

Respectfully submitted,



Steven W. Hamm
Administrator

November 5, 1993
Columbia, South Carolina

DEPARTMENT OF CONSUMER AFFAIRS
Organization

I. COMMISSION ON CONSUMER AFFAIRS

The Commission on Consumer Affairs is composed of 9 members, one of whom is the Secretary of State. Of the remaining 8 members, the General Assembly elects four other members from outside the legislature and the Governor appoints four members whose appointments are confirmed by the Senate. The commission is the policy making and governing authority of the S.C. Department of Consumer Affairs, appoints the Administrator and is responsible for enforcement of the S.C. Consumer Protection Code. As of the date of this report, the members of the S.C. Commission on Consumer Affairs are:

Mr. Lehman A. Moseley, Jr., Chairman, Attorney, Greenville, term expires August 31, 1997

Dr. Lonnie Randolph, Jr., Vice-Chairman, Optometrist, Columbia, term expired August 31, 1990, but still serving.

Secretary of State James M. Miles, Chapin.

Mrs. Barbara B. League, Businesswoman, Greenville, term expires August 31, 1993.

Gene McCaskill, Businessman, term expires August 31, 1995.

Mrs. Lillian Bloom, Community Volunteer, Greenville, term expires August 31, 1995.

Mrs. DeAnna Trout, Businesswoman, Moncks Corner, term expires August 31, 1994.

Mr. Robert J. Leapord, Businessman, Greer, term expires August 31, 1993.

Mr. Harry Walker, Businessman, Columbia, term expires August 31, 1992.

II. COUNCIL OF ADVISORS ON CONSUMER CREDIT

The Council of Advisors on Consumer Credit consists of 16 members who are appointed by the Governor. One of the advisors is designated by the Governor as chairman. The Council advises and consults with the Administrator concerning the exercise of his powers under the S.C. Consumer Protection Code and may make recommendations to the Administrator. Members may assist the Administrator in obtaining compliance with the S.C. Consumer Protection

Code. The following served as members of the Council of Advisors during the period July 1, 1991 through June 30, 1992.

Charlton Whipple, Chairman, Columbia, term expires August 15, 1991.

Adair Crawley, Secretary, Columbia, term expired August 15, 1989 but still serving.

Mason G. Alexander, Greenville, term expires August 15, 1991.

William C. Brock, term expires August 15, 1991.

Larry Emanuelson, North Charleston, term expires August 15, 1990.

F. M. C. Fralix, Columbia, term expires August 15, 1990.

Robert N. Hubbs, Lexington, term expires August 15, 1990.

C. Richard Kelly, Columbia, term expires August 15, 1992.

Daniel R. Molony, Charleston, term expires August 15, 1990.

Derial L. Ogburn, Columbia, term expires August 15, 1992.

Linda Reeves, Rock Hill, term expired August 15, 1988 but still serving.

Charlie Walters, Greenville, term expires August 15, 1997.

Patrick Earl Watson, Columbia, term expires August 15, 1991.

Charles T. Cole, Columbia, term expires August 15, 1993.

Charles Robert Mosely, Irmo, term expires August 15, 1993.

III. COMMITTEE ON CONSUMER AFFAIRS

The Committee on Consumer Affairs monitors the implementation of the S.C. Consumer Protection Code and serves as a continuing liaison between the S.C. Department of Consumer Affairs and the General Assembly.

IV. S.C. DEPARTMENT OF CONSUMER AFFAIRS

History and Purpose

The S.C. Department of Consumer Affairs was established by the S.C. Consumer Protection Code, the state law which governs consumer credit transactions and provides for consumer protection in South Carolina. The law, which was signed by the Governor on August 13, 1974 became effective on January 1, 1975. As the state agency designated to represent the interests of consumers, the S.C. Department of Consumer Affairs attempts to resolve complaints and seeks to inform and educate consumers in order to create an atmosphere in which consumers will be more aware of their rights and responsibilities in the marketplace. On July 25, 1978, the law was amended to create the division of Consumer Advocacy as a part of the S.C. Department of Consumer Affairs, in order to assure that the consuming public was represented before regulatory agencies undertaking to fix rates or prices for consumer products or services.

Organization

The S.C. Department of Consumer Affairs is organized into four divisions: Administration, Consumer Services (complaints), Consumer Advocacy and the Legal Division.

Main Objectives of the Department

As initially created, the primary function of the S.C. Department of Consumer Affairs is to regulate the consumer credit marketplace, to attempt to resolve any complaint arising out of the production, promotion or sale of consumer goods or services in South Carolina, whether or not credit is involved, and to promote a healthy competitive business climate with mutual confidence between buyers and sellers. The function and duties of the division of Consumer Advocacy are to provide legal representation of the consumer interest before state and federal regulatory agencies when these agencies undertake to fix rates or prices for consumer products or services or to enact regulations or establish policies. In addition to its legal representation role, the division of Consumer Advocacy also monitors existing regulations, rate structures, and policies of special consumer interest and is charged with the responsibility of reporting, through the media, to the general public on the effect of the proposed changes on their lives. The department also licenses, registers and regulates motor clubs, physical fitness service organizations, pawn brokers, mortgage loan brokers and enforces the private personnel placement services act and the unsolicited telephone calls act.

Services

The S.C. Department of Consumer Affairs serves consumers through the following activities:

- (a) Analysis and investigation of individual complaints;
- (b) Investigation of business practices if patterns of fraud are indicated or suspected;
- (c) Referral to agencies with direct jurisdiction for immediate and specific assistance;
- (d) Public educational and informational programs designed to educate the consumer about credit practices and problems, unfair and deceptive practices, remedies and relief available to consumers and current utility and insurance issues;
- (e) Initiation of and participation in legal actions to prevent individuals from violating the S.C. Consumer Protection Code, to prohibit unconscionable conduct, and to protect consumers from having to pay excessive utility and insurance rates;
- (f) Inform consumers who file a request under the Freedom of Information Act whether complaints have been filed against a particular company and how said complaints were resolved;
- (g) Legal representation of the public in utility and insurance rate and policy proceedings before state and federal regulatory agencies.
- (h) Licensing and regulation of motor clubs, rent-to-own businesses, physical fitness service organizations, pawn brokers, mortgage loan brokers, automobile brokers, athletic agents, private personnel placement agencies and telephone solicitation companies.

The S.C. Department of Consumer Affairs does not:

- (a) Advise whether or not a business is reputable;
- (b) Advise a consumer to buy a particular product or service or to patronize a particular business; and
- (c) Provide information such as the location or phone number of a business.

V. OFFICE OF ADMINISTRATOR OF CONSUMER AFFAIRS

The Administrator is appointed by the Commission on Consumer Affairs, serves at its pleasure, and is responsible to the commission for the following functions and purposes as prescribed by the S.C. Consumer Protection Code:

To further consumer understanding of the terms of credit transactions and to foster competition among the suppliers of consumer credit so that consumers may obtain credit at reasonable cost.

To protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit having due regard for the interests of legitimate and scrupulous creditors. To permit and encourage the development of fair and economically sound consumer credit practices.

To conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act.

To implement the S.C. Consumer Protection Code in the state of South Carolina in accordance with the terms and provisions therein contained.

To establish programs for the education of consumers with respect to credit practices and problems.

To counsel persons and groups of their rights and duties under the S.C. Consumer Protection Code.

To make appropriate studies to effectuate the purposes and policies of the S.C. Consumer Protection Code and to make the results of such studies available to the public.

To report on the use of consumer credit in South Carolina and to report on the problems of persons of small means in obtaining credit.

To cooperate with and assist the S.C. Attorney General, the United States Attorney and all state and local agencies performing consumer protection functions in carrying out their legal enforcement responsibilities for the protection of consumers.

To initiate and encourage programs that inform consumers of market practices and schemes which are fraudulent, deceptive or illegal; how to detect and avoid abusive consumer transactions; and of remedies and relief available to consumers.

To receive complaints of individuals pertaining to any consumer transaction arising out of the production, promotion or sale of consumer goods and services; endeavor to determine the probable basis and merit of such complaints and advise the complainant of such determination;

To refer to the appropriate state or federal agency any complaint which is under the jurisdiction of such agency for appropriate action;

To endeavor to bring about a voluntary adjustment of any such complaint not within the jurisdiction of any regulatory or enforcement agency;

To undertake activities to encourage business and industry to maintain high standards of honesty, fair business practices, and public responsibility in the production, promotion, and sale of consumer goods and services;

To study the operation of consumer protection laws and recommend to the Governor and the General Assembly new laws and amendments to laws which would promote the protection of legitimate interests of consumers within this state.

The Administrator is also the Consumer Advocate for the state of South Carolina. The Consumer Advocate provides legal representation of the consumers interest before regulatory agencies undertaking to fix rates or prices for consumer products or services, enact regulations or establish policies.

The Consumer Advocate also monitors regulations, rate structures and policies of regulatory agencies and brings items of special interest and importance to consumers for their attention through the news media.

DIVISION OF ADMINISTRATION

The Division of Administration is responsible for providing budget, supply, personnel, training, data processing, news releases and consumer protection education and other administrative support to the S.C. Department of Consumer Affairs. In addition, the division is responsible for maintaining files and accounting for revenue generated from the following acts:

- S.C. Consumer Protection Code and Credit Notification
- Maximum Rate Schedules
- Motor Clubs Service Act
- Physical Fitness Services Act
- Pawnbrokers Act
- Mortgage Loan Brokers Act
- State Continuing Care Retirement Community Act
- Athletic Agents Act

The following table shows the Budget Status Report for Fiscal Year 1992-1993.

A. STATEMENT OF EXPENDITURES

ACCOUNT	APPROPRIATIONS	EXPENDED	BALANCE
Administration:			
Personnel: (FTE)	(18.00)		
Unclassified	139,353.00	139,336.00	17.00
Classified	320,782.00	320,688.00	94.00
Other	2,188.00	2,135.00	53.00
Operations:	302,347.00	302,063.00	284.00
Legal:			
Personnel: (FTE)	(15.50)		
Classified	352,540.00	352,494.00	46.00
Operations:	19,656.00	19,433.00	223.00
Consumer Services:			
Personnel: (FTE)	(10.00)		
Classified	193,744.00	193,654.00	90.00
Operations:	14,016.00	14,000.00	16.00
Consumer Advocacy:			
Personnel: (FTE)	(9.50)		
Classified	243,875.00	243,830.00	45.00
Operations:	218,474.00	186,712.00	31,762.00 ³
Employer			
Contributions:	325,170.00	299,746.00	25,424.00
Totals:	<u>2,132,145.00</u>	<u>2,074,091.00</u>	<u>58,054.00</u>
	=====	=====	=====
Total Authorized FTE	(53.00)		

Note 1 - Forfeiture of Financial Responsibility

In fiscal year 1993 \$17,030.60 was returned to consumers from settlement of litigations. A balance of \$32,871.00 was carried forward to fiscal year 1994 for the same purpose.

Note 2 - Violations of SCCPC or TILA

In fiscal year 1993 the Department of Consumer Affairs collected \$21,010.00 in administrative penalties to offset the cost of enforcement actions in process. A total of \$19,791.97 of these funds were carried forward for use in fiscal year 1994.

Note 3 - Expert Witness Contractual Obligations

Proviso 80.4, 1992-93 Appropriations Act authorizes unexpended encumbered appropriated funds for the expert witness/assistance program to be carried forward into the next fiscal year. The Department carried forward \$31,762 for this purpose.

REGISTERED CREDITORS

The S.C. Consumer Protection Code requires that persons who make consumer credit sales, leases or loans, or persons who engage in rent-to-own, and persons who take assignments of rights against debtors arising from such transactions are required to file a notification form and pay a notification fee to the S.C. Department of Consumer Affairs for each location at which such transactions are made. The following table shows the type, and number of locations of such creditors currently registered with the S.C. Department of Consumer Affairs. NOTE: Automobile dealers are listed under the category for Motor Vehicles.

	(1) Single Loc Creditors	(2) Multi Loc Creditors	(3) Multi Loc	(4) Total Loc Paying (1+3)	(5) Total Filings Mailed (1+2)
Appliance Dealers	60	22	102	162	82
Athletic Clubs	2	0	0	2	2
Automobile Parts	97	33	102	199	130
Banks	22	63	865	887	85
Boat/Airplane Dealers	10	3	6	16	13
Building Materials	51	21	154	205	72
Consumer Finance	127	86	747	874	213
Consumer Insurance	9	1	2	11	10
Consumer Lease	9	2	3	12	11
Cemeteries	19	6	14	33	25
Credit Unions	19	6	23	42	25
Department Stores	9	7	202	211	16
Educational Institution	4	0	0	4	4
Exercise Clubs	1	1	1	2	2
Farm Equipment	21	3	5	26	24
Florists	6	0	0	6	6
Funeral Homes	30	9	19	49	39
General Merchandise	10	3	10	20	13
Hardware/Paint Stores	53	7	17	70	60
Home Furnishings	186	56	214	400	242
Hospitals	11	6	20	31	17
Jewelry	30	27	119	149	57
Mobile Homes	37	22	55	92	59
Motor Vehicles	432	59	92	524	491
Oil Companies	27	22	126	153	49
Pharmacies/Drug Stores	33	2	4	37	35
Professionals	4	3	10	14	7
Premium Service	6	1	1	7	7
Real Estate	2	1	1	3	3
Recreation Vehicle	22	3	5	27	25
Rent to Own	21	27	122	143	48
Regulated Lenders	1	1	2	3	2
Repair Shops	2	0	0	2	2
Retail Merchants	208	55	174	382	263

Sales Finance	2	3	7	9	5
Spas & Health Clubs	1	3	3	4	4
Sporting Goods	8	2	6	14	10
Savings & Loan	6	24	223	229	30
Service Stations	2	1	1	3	3
Undetermined	2	0	0	2	2
Wearing Apparel	14	11	74	88	25
	-----	-----	-----	-----	-----
TOTAL	1,616	602	3,531	5,147	2,218

REVENUE:

Fees.....	\$465,598.00
Penalties.....	\$ 6,865.00
Total Received.....	\$472,463.00

MAXIMUM RATE SCHEDULE FILINGS

The Consumer Protection Code Revision Act of 1982 requires that creditors who wish to charge an Annual Percentage Rate (APR) in excess of 18% must file a Maximum Rate Schedule (MRS) with the S.C. Department of Consumer Affairs. A Maximum Rate Schedule must also be posted in the creditor's place of business. The following table shows the number and type of creditors which have filed an MRS with the S.C. Department of Consumer Affairs for FY 1992-1993.

	Total Filings	Total Locations
AD Appliance Dealers	111	189
AC Athletic Clubs	1	1
AP Automobile Parts	129	181
BA Banks	81	1,375
BD Boat/Airplane Dealers	8	9
BM Building Materials	53	112
CF Consumer Finance	304	1,142
CI Consumer Insurance	1	1
CL Consumer Leases	7	7
CP Cemeteries	8	11
CU Credit Unions	1	2
DS Department Stores	11	174
EI Educational Inst	1	1
EC Exercise Clubs	1	1
FE Farm Equipment	19	21
FL Florists	0	0
FH Funeral Homes	1	1
GM General Merchandise	11	14
HS Hardware/Paint Stores	56	82
HF Home Furnishings	297	456
HO Hospitals	0	0
JL Jewelry	62	149
MA Martial Arts	0	0
MH Mobile Homes	50	60
MV Motor Vehicles	775	807
OC Oil Companies	22	92
PH Pharmacies/Drug Stores	5	5
PR Professionals	4	4
PS Premium Service	0	0
RE Real Estate	4	4
RV Recreation Vehicles	23	25
RO Rent To Own	12	20
RL Regulated Lenders	1	2
RP Repair Shops	4	4
RM Retail Merchants	366	425
SF Sales Finance	1	1
SP Spas & Health Clubs	4	5
SG Sporting Goods	19	21
SL Savings & Loan	24	236

SS	Service Stations	4	4
UN	Undetermined	1	1
WA	Wearing Apparel	11	20
	TOTAL	2,493	5,665

REVENUE:

Certified Copy Fees.....	\$ 332.00
Certified Rate Filing Fees.....	<u>\$49,815.00</u>
Total Received.....	\$50,147.00

MOTOR CLUB FILINGS

The Motor Club Services Act requires that all motor clubs doing business in the state, and representatives of these clubs, file with the S.C. Department of Consumer Affairs. The following information represents the motor clubs and motor club representatives filing with the S.C. Department of Consumer Affairs for FY 1992-1993.

Motor Clubs	36
Motor Club Representatives	1,093

REVENUE:

Motor Clubs	\$18,000.00
Representatives	<u>\$21,860.00</u>
Total Received	\$39,860.00

PHYSICAL FITNESS FILINGS

The Physical Fitness Services Act requires that all businesses offering physical fitness services in the state file with the S.C. Department of Consumer Affairs. The following information represents the physical fitness filing with the S.C. Department of Consumer Affairs for the FY 1992-1993.

		Total Filings	Total Locations
AC	Athletic Clubs	38	40
AE	Water Exercise	0	0
DS	Dance Studios	5	5
EC	Exercise Clubs	77	83
GO	Golf Courses	18	18
HS	Health Spa	4	6
MA	Martial Arts	24	31
RM	Retail Merchant	2	2
RO	Rent To Own	4	6
SP	Spas & Health Clubs	14	14
TS	Tanning Salons	482	486
WL	Weight Loss	<u>47</u>	<u>72</u>
Total		715	763

REVENUE:

Certificate of Authority \$38,750.00

PAWNBROKER

The Pawnbroker Act requires that all businesses offering pawnbroker services in the state file with the S.C. Department of Consumer Affairs. The following information represents the pawnbrokers filing with the S.C. Department of Consumer Affairs for FY 1992-1993.

PAWNBROKERS FILINGS 288
 PAWNBROKERS LOCATIONS 306

REVENUE:

PAWNBROKERS \$82,900.00

MORTGAGE LOAN BROKERS

The Mortgage Loan Brokers Act requires that all businesses offering mortgage loan broker services in the State file with the S.C. Department of Consumer Affairs. The following information represents the mortgage loan brokers filing with the S.C. Department of Consumer Affairs for FY 1992-1993.

BUSINESS CATEGORIES	TOTAL FILINGS	TOTAL LOCATIONS
MB MORTGAGE BROKER	<u>126</u>	<u>141</u>
TOTAL	126	141

REVENUE:

MORTGAGE LOAN BROKERS. \$62,000.00

ATHLETE AGENTS AND STUDENT ATHLETES

The Athlete Agents and Student Athletes Act requires that all Athletic Agents operating in this state file with the South Carolina Department of Consumer Affairs. The following information represents the Athletic Agents filing with the South Carolina Department of Consumer Affairs for FY 1992-1993.

ATHLETIC AGENTS FILING 6

REVENUE:

ATHLETIC AGENTS \$1,800.00

CONTINUING CARE RETIREMENT COMMUNITIES

The State Continuing Care Retirement Community Act requires that all Continuing Care Retirement Communities operating in this state file with the South Carolina Department of Consumer Affairs. The following information represents the Continuing Care Retirement Communities filings with the South Carolina Department of Consumer Affairs for FY 1992-1993.

CONTINUING CARE RETIREMENT COMMUNITY FILINGS 2
NON APPLICABILITY FILINGS 0

REVENUE:

CONTINUING CARE RETIREMENT COMMUNITY FEES	\$ 3,800.00
NON APPLICABILITY FEES	<u>000.00</u>
TOTAL	\$ 3,800.00

Note: This Act was implemented on July 1, 1991. Licensing fees are paid by the CCRC at the time the licensing application is

prepared. Due to the lengthy delays in receiving all of the necessary licensing information from CCRC's many facilities were licensed at the beginning of FY 1992-1993. As a result, the licensing fees were collected and deposited in the prior fiscal year, therefore the revenues for FY 1992-1993 have decreased for this reason.

LEGAL DIVISION

The investigative and legal enforcement activities of the South Carolina Department of Consumer Affairs are assigned to the Legal Division which consists of three staff attorneys, a Chief Investigator, and Assistant Chief Investigator, five investigators, a secretary and is supervised by the Deputy for Regulatory Enforcement. Selected consumer complaints are investigated for possible violations of the law. The Division cooperates with appropriate federal, state, county, and local authorities as required.

Investigations conducted include both an information gathering procedure on selected complaints where suspected violations of the Code may be involved as well as more formal investigations where a violation of the Consumer Protection Code or other law administered by the agency is either evident or suspected.

During FY 1992-1993 the S.C. Department of Consumer Affairs continued a joint state-federal odometer investigation and prosecution effort. An investigator from the S.C. Department of Consumer Affairs continued as a special agent of the Federal Grand Jury and was responsible for developing odometer cases for Federal criminal prosecution.

In May of 1992, a five year long investigation of a major automobile wholesaler in the Greenville, S.C. area culminated with guilty pleas being entered in the middle District of Pennsylvania for four individuals from South Carolina and one co-conspirator from Pennsylvania. All individuals have now been sentenced. Three defendants received prison terms and one received a probationary sentence.

During this reporting year seven automobile dealers were convicted for odometer tampering in the District of South Carolina. One other car dealer has entered a plea, although he was not sentenced during this reporting period. Sentencing will be completed upon completion of the presentencing report by the Federal Probation Office.

The Department received forty-five requests for verification of odometer readings, one case was referred for criminal prosecution. Also, as a result of the Department's efforts, the federal courts ordered \$9,000.00 in restitution to victims of odometer fraud.

During FY 1992-1993, the Department continued its efforts in litigating various civil suits commenced in previous years. The Department continued its efforts to identify and reimburse victims of a previously reported Horry County unlicensed lender.

The Department continued pursuing its case against a lender disguising its operation as an automobile sale/leaseback business. The business lent money to individuals and had them sign their vehicle titles in blank, while simultaneously signing purported sales and lease agreements. During the fiscal year the Circuit Court awarded the Department a verdict for approximately \$220,000.00. Unfortunately, the Department's efforts resulted in

the owner of the business fleeing the state shortly after the Department obtained an injunction in May of 1991, and it is uncertain how much of the verdict will be collectable. The Department did, however, receive a draft for \$15,000.00 from the Defendant's bonding company in order to partially reimburse victims.

Administrative Enforcement

During FY 1992-1993, the Department continued and increased its efforts in administrative enforcement of the South Carolina Consumer Protection Code and the other statutes administered by the Department.

In particular, the staff brought before the Administrator two cases against used car dealers who had numerous excess charge, Truth-in-Lending disclosure and debt collection violations. They both resulted in cease and desist orders, consumer reimbursement and the assessment of fines. The staff also sought a cease and desist order against a mortgage loan broker for collection of up-front fees from borrowers when no financing was obtained. It resulted in a consent order and the assessment of a fine. The Department also commenced a probable cause investigation regarding an oriental rug dealer under the Unfair Trade Practices Act. The dealer had advertised going out of business sales for nearly a full year. After service of the notice of hearing the business entered a consent order preventing it or its affiliates or employees from advertising that it was liquidating inventory or that it was holding a going out of business sale in South Carolina. A summary of these and other administrative cases is set forth in Schedule A.

The Department also maintained its advertising review system designed to prevent Truth in Lending or Unfair Trade Practices violations in consumer advertising and to encourage the use of established guidelines in advertising. A media advertisement by a merchant which appears to be violative causes the staff to send a review letter explaining the problem and recording it for later use in the event enforcement action is necessary. A breakdown of subject and category of these review letters is set forth in Schedule B.

Licensing Application Reviews

The staff routinely receives and acts upon license applications for prospective pawnbrokers, mortgage loan brokers, physical fitness service providers, motor clubs and athletic agents. The staff must make determinations ranging from adequacy of financial security to character and fitness, fingerprint identification and recommendations of local law enforcement agencies (pawnbrokers). A breakdown of application reviews is set forth in Schedule C.

Compliance Reviews

The staff also reviews licensed businesses for compliance with governing laws. The staff compares the providers' contracts and payment records against prepared checksheets for accuracy, disclosure compliance and compliance with Code limitations. A month by month breakdown of reviews conducted in FY 1992-1993 is set forth in Schedule C.

Special Projects

Three pieces of legislation were passed by the General Assembly adding to or amending the Department's statutory responsibilities. The Registration of Mortgage Loan Brokers Act was amended by Act 172 of 1993 to increase the required bond amount to ten thousand (\$10,000.00) dollars and to require compliance with certain disclosure requirements of the Federal Real Estate Settlement Procedures Act. In addition, Title 39 of the S.C. Code was amended by Act 161 of 1993 to prohibit the predatory use of below cost gasoline pricing and allow the Administrator to investigate violations. Finally, the General Assembly enacted the Employee Staff Leasing Act, Act 169 of 1993, and made the Department the regulating agency for companies that hire and lease a firm's employees on a long term basis as a means of reducing administrative, insurance or other costs.

SCHEDULE A

Administrative Enforcement Hearings: 84

Month	Phys. Fit.	Pawn- broker	Mortg. Broker	Tele. Sol.	Prob. Cause	Board Fin.	Other
July, 1992	0	0	0	0	0	0	0
August, 1992	6	1	0	0	0	0	0
September, 1992	2	4	0	0	0	0	0
October, 1992	3	4	2	0	0	0	1
November, 1992	0	1	0	0	0	0	0
December, 1992	5	1	1	0	1	0	0
January, 1993	2	1	0	0	0	0	0
February, 1993	0	0	0	0	0	0	0
March, 1993	17	0	9	0	0	1	0
April, 1993	3	2	0	0	0	0	1
May, 1993	10	0	0	0	0	0	1
June, 1993	3	1	0	0	0	0	1
TOTALS	51	15	12	0	1	1	4

Enforcement Hearing Resolutions

Resolution	Phys. Fit.	Pawn- broker	Mortg. Broker	Prob. Cause	Board of Fin Inst	Other
Filed Before Hearing	5	0	4	0	0	0
Settlement w/ Complaint	0	0	1	0	0	0
Resolution & Fine						
Settlement w/ Fine	26	6	0	1	0	0
Cease & Desist Order	0	0	1	0	0	0
Order w/ Fine	2	3	0	0	0	2
Alternate Financial Responsibility	12	0	0	0	0	0
Approved						
Other Order	0	2	0	0	0	0
Consumer	1	0	0	0	0	0
Reimbursement						
Dismissed*	5	2	5	0	0	0
Under Advisement	0	2	1	0	1	2

* These cases were dismissed because the businesses had closed.

SCHEDULE B

Advertising Review Letters: 261

Month	Automobile	Manufact'd Housing	Jewelry	Regulated Business	Other
July, 1992	54	0	0	1	13
August, 1992	32	1	0	0	4
September, 1992	7	0	0	2	5
October, 1992	5	0	0	2	2
November, 1992	2	0	0	0	0
December, 1992	21	0	0	0	0
January, 1993	25	0	0	0	0
February, 1993	24	0	0	1	0
March, 1993	3	4	0	4	0
April, 1993	4	0	0	1	0
May, 1993	36	0	0	0	1
June, 1993	--	7	0	0	0
TOTALS	213	12	0	11	25

Breakdown of letters according to nature of business and subject of letter

Subject	Automobile	Manufactured Housing	Jewelry	Regulated Business	Other
TIL	51	11	0	2	0
Lease	68	0	0	0	0
Free	6	0	0	3	0
Rebate	40	0	0	0	0
Add-ons	6	0	0	0	0
New/Used	8	0	0	0	0
Sp Purchase	8	0	0	0	0
Liquidation	0	0	0	0	1
Factory	4	0	0	0	0
Author's'd					
Publ Notice	10	0	0	0	0
Wholesale	1	0	0	0	0
Other*	15	1	0	6	24

*Other includes problems that may fit into one of the listed categories but were not specifically identified

Automobile Advertising Review Letter Monthly Breakdown

Subject	7/92	8/92	9/92	10/92	11/92	12/92	1/93	2/93	3/93	4/93	5/93
TIL	11	3	2	3	2	8	11	1	3	1	6
Lease	11	8	3	0	0	2	7	17	0	0	20
Free	3	0	0	0	0	2	1	0	0	0	0
Rebate	15	21	0	0	0	0	0	0	0	0	4
Cash/Trade	0	0	0	0	0	0	0	0	0	0	0
Add-ons	1	0	0	0	0	4	0	1	0	0	0
Year/Model	0	0	0	0	0	0	0	0	0	0	0
New/Used	8	0	0	0	0	0	0	0	0	0	0
Special											
Purchase	1	0	0	0	0	1	2	0	0	0	0
Liqu'ation	0	0	0	0	0	0	0	0	0	0	0
Factory											
Auth'z'd	0	0	0	1	0	1	1	0	0	0	1
Guar'teed											
Trade	0	0	0	0	0	0	0	0	0	0	0
Public											
Notice	3	0	0	0	0	1	1	0	0	0	5
Dealer											
Cost	0	0	0	0	0	0	0	0	0	0	0
Other	1	0	2	1	0	2	2	5	0	3	0

SCHEDULE C

Licensing Application Reviews: 1490

Month	Pawn- brokers	Mortgage Brokers	Physical Fitness	Motor Clubs	Club Reps	Athletic Agents
July, 1992	58	5	39	0	1	0
August, 1992	12	7	21	0	2	0
September, 1992	5	44	15	15	8	0
October, 1992	11	33	7	11	0	0
November, 1992	6	19	112	6	0	0
December, 1992	5	4	126	9	1	1
January, 1993	6	4	246	1	0	0
February, 1993	7	8	85	0	0	0
March, 1993	12	5	84	1	21	0
April, 1993	9	2	46	11	47	2
May, 1993	101	5	16	0	14	0
June, 1993	136	---	16	0	22	0
TOTALS	368	136	813	54	116	3

SCHEDULE D

Compliance Reviews: 567

Month	Pawnbroker	Physical Fitness	Rent-to-Own	Loan Broker	Other
July, 1992	11	41	1	6	0
August, 1992	21	19	8	2	0
September, 1992	12	8	22	5	0
October, 1992	8	13	22	0	0
November, 1992	28	6	13	0	0
December, 1992	16	8	13	0	0
January, 1993	39	8	30	0	0
February, 1993	14	13	11	0	0
March, 1993	26	7	4	11	0
April, 1993	22	5	2	8	0
May, 1993	30	9	1	6	0
June, 1993	14	7	4	13	0
TOTALS	241	144	131	51	0

Lemon Law Compliance

Pursuant to Section 56-28-100 of the Code of Laws of South Carolina, each automobile manufacturer must report vehicles that were repurchased or replaced under the "Lemon Law" or other warranty law. Additionally, the compliance form asks the manufacturer to identify the arbitration program used, if any. A summary of these reports for the 1992 calendar years is set forth below, together with the number of cases that were only resolved after invocation of the arbitration program or filing a law suit. Some manufacturer's reported all vehicles that were repurchased or replaced (e.g. Chrysler Motors); other manufacturer's only reported vehicles that were repurchased or replaced as a result of arbitration or a law suit (e.g. Ford Motor Company and General Motors).

Manufacturer	Repurchased/ Replaced	Law Suit	Arbitra- tion	Arbitration Program
Alfa Romeo	0	0	0	None Identified
Chrysler Motors	25	10	4	Chrysler Arbitra- tion Board
Chrysler Div.	3	10	4	
Dodge Div.	14	6	3	
Jeep Div.	3	1	1	

Plymouth Div.	4	2	0	
Renault Div.	1	0	1	
Ford Motor	9	0	9	Ford Dispute Sett'ment Board
Ford Div.	7	0	7	
Lincoln Div.	2	0	2	
Mercury Div.	0	0	0	
Ferrari N.A.	0	0	0	None Identified
General Motors	14	0	13	Better Business Bureau Autoline
Buick Div.	5	0	4	
Cadillac Div.	0	0	0	
Chevrolet Div.	8	0	8	
GMC Truck Div.	1	0	1	
Pontiac Div.	0	0	0	
Oldsmobile Div.	0	0	0	
(American) Honda	0	0	0	Better Business Bureau Autoline
Honda Div.	0	0	0	
Acura Div.	0	0	0	
Hyundai	3	0	3	AAA Autosolve
(American) Isuzu	0	0	0	Better Business Bureau Autoline
Jaguar Cars	0	0	0	None Identified
Lexus	0	0	0	AAA Autosolve
Mazda	0	0	0	None Identified
Mercedes-Benz	0	0	0	None Identified
Mitsubishi	0	0	0	Autocap
Nissan	No Report Made			
Peugot	0	0	0	None Identified
Porsche	0	0	0	AAA Autosolve
Saturn	0	0	0	None Identified
Subaru	2	0	0	None Identified
(American) Suzuki	0	0	0	None Identified
Toyota	3	0	0	AAA Autosolve

Volkswagen of America	2	0	0	Better Business Bureau Autoline
Volkswagen Div.	2	0	0	
Audi Div.	0	0	0	
Volvo	0	0	0	None Identified

PUBLIC INFORMATION AND EDUCATION SECTION

I. Public Information Activities

During the twelve months covered by this report the public information director and staff prepared news releases, magazine articles, scripts, speeches and maintained contact with newspapers, television or radio personnel through daily contacts and professional associations.

A. On November 5, 1992 the South Carolina Department of Consumer Affairs sponsored a video-teleconference, CREDIT:LIFE OR DEBT, designed to help young adults understand credit and how to use it wisely. During recent years, there has been an increase in the number of credit cards applied for and issued to young adults and in the horror stories that result when credit is misused or abused.

Through interaction with credit professionals from the state and the nation, this telecast discussed how to establish and keep good credit, explained the basic facts regarding the costs of credit and provided information on federal and state laws that protect the consumer.

Audience interaction was provided at each site and credit education material distributed to all participants.

Over 40,000 young adults saw the telecast at designated sites across the State and through the use of instructional television. Because of the enthusiastic response to this program another telecast on credit will be produced during the 1993-1994 year with the assistance of S.C. Educational Television.

B. Through a grant from the Direct Selling Education Foundation the South Carolina Department of Consumer Affairs conducted a day-long seminar, "Marketing in the 1990's: A Partnership for Action", on Wednesday, April 14, 1993 at the Holiday Inn.

The seminar, designed for educators, government and business leaders examined ideas, information and techniques to assist in responding to changes in the marketplace.

Topics included: "Marketing: An Overview of Business School Courses," Developing a Marketing Plan,' 'Advertising Guidelines for the 90's,' and 'A Partnership For Action.'

Program evaluations indicated that the program was well organized and beneficial.

C. The Administrative Assistant continued a public information "recall" service (RECALL ROLL CALL) which consists of a bi-monthly four-page release listing recalls in the areas of food, vehicles, drugs, toys, and products. After media distribution is made, all recall notices are placed in the computer system under the subject category for quick access upon consumer request. This service generates over 300 calls monthly.

D. Continued to produce a weekly in-house news and information sheet called THE WEEK AHEAD which is designed to improve communications and morale among agency personnel.

E. Public Information Director also performed a variety of activities such as speeches, workshops and seminars for South Carolina consumers and students.

F. Arranged over 300 media contacts for appropriate SCDCA staff.

II. Educational Activities

The S.C. Department of Consumer Affairs utilized workshops, speeches, and media presentations to provide consumer education assistance to a wide cross-section of South Carolinians. The Department's educational activities continued to focus on a theme of "preventative consumerism" on such subjects as how to avoid frauds and schemes, healthy skepticism, effective consumer practices in handling consumer transactions ranging from automobile repairs to mail order purchases, coping with marketplace practices, and communicating more effectively with businesses in the resolution of complaints and problems arising out of consumer purchases of goods and services.

The educational programs were directed at students and teachers K-12 and college levels; and were provided for health institutions, churches, adult education programs, senior citizen groups, and other government agencies.

A. Speeches were presented at 90 South Carolina schools, institutions of higher learning, business and professional groups and other civic and church related organizations. Consumer education exhibits and/or presentations were made at the following conferences:

1. State Home Economics Conference
2. State Superintendents and Administrators Conference
3. State Adult Education Conference
4. S.C. Council on Aging/Mental Health
5. Summer Leadership Academy - School Principals
7. S.C. Alliance of School Educators
8. S.C. Displaced Homemakers and Sex Equity Conference.
9. Statewide Health Fairs

The Division Director gave speeches, interviews, and presentations to civic groups, newspapers, TV reporters and other media regarding consumer complaints. Consumer Services continued its coordination with the Public Information and Education Section in alerting them to unique consumer problems, needs and concerns which might warrant consumer education and media attention efforts. Consumer Services staff also continued to identify violations and to refer them to the legal Department for action.

B. Maintained a Consumer Product Safety Network across the state involving representatives from businesses, health organizations, the educational system and other state and local agencies. The Department participated in workshops and health fairs sponsored by these agencies.

C. Continued to work in cooperation with the Department of Social Services for its "Living Incentives for Tomorrow" program. The Program involves teenagers to senior citizens.

D. Continued to promote a Consumer Education Program entitled "Needs and Wants" that introduces the basic concepts of consumerism to the elementary student. Designed for grades 1-6, it encourages the use of critical thinking and decision making skills for the young consumer.

E. Continued to work in cooperation with the South Carolina technical College System with its Women's Center service programs.

F. Conducted the annual Statewide Essay Contest for 1993.

DIVISION OF CONSUMER SERVICES

A. Consumer Complaint Procedure

When a consumer has a complaint, he or she should first give the business an opportunity to remedy the situation. If personal contact and subsequent discussion does not resolve the problem, the consumer should contact the S.C. Department of Consumer Affairs. Consumers can call the S.C. Department of Consumer Affairs from anywhere in the state at no charge by using the department's toll free WATS line (1-800-922-1594). The consumer should briefly describe the nature of the problem. In most cases, the consumer will be sent a complaint form which should be filled out with all pertinent information and returned to the S.C. Department of Consumer Affairs along with copies of all contracts, warranties, guarantees, advertisements or other written agreements or transaction documentation. When the complaint form is returned, it is assigned to a complaint analyst who carefully reviews the complaint and determines what action should be taken. If a complaint falls within the jurisdiction of another state or federal agency, it is referred to that agency for action. The first step in resolving a typical complaint is to mail a copy of the consumer's complaint to the business complained against with an accompanying form from the department requesting that the business state its position, and suggest a resolution if it is the opinion of the business that an action is appropriate. When a reply is received from the business, the complaint analyst assigned to the complaint studies the position of both the consumer and the business and recommends further action or an appropriate closing. The activities of the Consumer Services Division breaks down into two separate categories which are summarized on the following Tables I and II.

Table I (and accompanying explanation) summarizes the day-to-day work activities in terms of number of telephone calls received, responded to and referred, complaints received, and other information and statistics of the work activities associated with that division.

Table II (and accompanying explanation) summarizes the manner in which complaint cases were completed and closed during FY 1993.

The Division Director gave speeches, interviews, and presentations to civic groups, newspapers, TV reporters and other media regarding consumer complaints. Consumer Services continued its coordination with the Public Information and Education Section in alerting them to unique consumer problems, scams and concerns which might warrant consumer education and media attention efforts. Consumer Services staff also continued to identify violations and to refer them to the Legal Department for action.

TABLE I

	FY1993	FY1992	FY1991
1. Telephone calls & inquiries received	58,535	50,279	64,244
2. Percent of Increase over Previous Year	.16%	.0%	.3%
3. Written Complaints Received*	4,167	4,891	4,560
4. Telephone Inquiries Referred to other State/Federal Agencies	7,245	4,626	3,806

* The Department attempts to handle and resolve as many cases as possible during telephone conversations with the consumers and businesses involved in an effort to provide immediate assistance and to reduce administrative expenses such as postage and supplies.

TABLE I

Explanatory Notes

1. This item refers to the total number of telephone calls received and handled by the Consumer Services Division. This includes general inquiry, advice and information calls; inquiries about whether or not a complaint has been filed against a company; etc.
2. This item refers to the percent of increase in total telephone calls received over the previous year.
3. No explanation necessary.
4. No explanation necessary.

TABLE II
Written Complaints Closed
July 1, 1992 - June 30, 1993

CLOSING STATUS	NUMBER	PERCENT
Satisfied	2380	78.0
Unsatisfied	340	11.0
Insufficient Merit	37	1.0
Abandoned by Consumer	125	4.0
Undetermined or Disputed Facts	186	6.0
Subtotal	3068	
Referred	772	
Information Only	<u>503</u>	
TOTAL	4343	100%

TABLE II
Explanatory Notes

\$563,730.00 was recovered for consumers in refunds, or adjustments during FY 1993. 4343 complaints were closed in the year ending June 30, 1993. Of this total, 2380 of the 3068 complaints actually handled by the division were closed as satisfied. Not all of the consumers whose complaints were closed as satisfied received refunds. Some of these consumers received an explanation from the business which the S. C. Department of Consumer Affairs accepted as satisfactory.

772 complaints were referred to other state or federal agencies having primary jurisdiction in the matter about which the consumer complained. 503 of the complaints were closed as information only, and required no action by the Department.

Table III
Complaint Categories Containing Greatest
Number of Complaints

Rank in FY 1993		Rank in FY 1992	Number FY 1993	Percent of Total Complaints
1.	Vehicles	1	888	21.3
2.	Financial Institutions	3	387	9.2
3.	Contractors/Builders	4	269	6.5
4.	Scams/Prizes	2	260	6.2
5.	Credit	5	259	6.2
6.	Appliances	6	192	4.6
7.	Stores	7	160	3.8
8.	Mail Order	8	152	3.6
9.	Utilities/Cable	9	140	3.4
10.	Home Furnishings	10	137	3.3

Table IV
Written Complaints Received by County

July 1, 1992 - June 30, 1993

Counties	Population	Complaints Received	Complaints per 1000 Persons
Abbeville	23,862	14	.59
Aiken	120,940	104	.86
Allendale	11,722	8	.68
Anderson	145,196	129	.89
Bamberg	16,902	13	.77
Barnwell	20,293	14	.69
Beaufort	86,425	72	.83
Berkeley	128,776	86	.67
Calhoun	12,753	12	.94
Charleston	295,039	293	.99
Cherokee	44,506	40	.90
Chester	32,170	11	.34
Chesterfield	38,577	26	.67
Clarendon	28,450	19	.67
Colleton	34,377	14	.41
Darlington	61,851	49	.79
Dillon	29,114	18	.62
Dorchester	83,060	71	.85
Edgefield	18,375	3	.16
Fairfield	22,295	30	1.35
Florence	114,344	127	1.11
Georgetown	46,302	98	1.03
Greenville	320,167	231	.72
Greenwood	59,567	30	.50
Hampton	18,191	8	.44
Horry	144,053	90	.62
Jasper	15,487	23	1.49
Kershaw	43,599	76	1.74
Lancaster	54,516	2	.04
Laurens	58,092	38	.65
Lee	18,437	8	.43
Lexington	167,611	412	2.46
McCormick	8,868	9	1.01
Marion	33,899	67	1.98
Marlboro	29,361	14	.48
Newberry	33,172	40	1.21
Oconee	57,494	43	.75
Orangeburg	84,803	121	1.43
Pickens	93,894	28	.30
Richland	285,720	1000	3.50
Saluda	16,357	15	.92
Spartanburg	226,800	143	.63
Sumter	102,637	60	.58
Union	36,815	32	.87

Williamsburg	36,815	22	.60
York	131,497	63	.48
	-----	-----	-----
TOTAL, SC	3,486,703	4776	
TOTAL - N.C. GA.,			
OTHER		391	
TOTAL WRITTEN COMPLAINTS		4167	

DIVISION OF CONSUMER ADVOCACY

I. Function

The Division provides legal representation of the consumer interest before state and federal regulatory agencies undertaking to fix rates or prices for consumer products or services, enact regulations or establish policies. The Division also monitors regulations, rate structures and policies of consumer-related agencies and reports proposed changes and the effect of such changes on the lives of the citizens of the State to the public through the media. The Division is responsible for ascertaining the financial soundness of continuing care retirement communities so the Department may issue licenses for their operation.

II. Administrative Hearings

A. Public Service Commission (PSC)

The Division of Consumer Advocacy participated in 139 proceedings before the Public Service Commission (PSC), 33 of which were carried over from the previous year, involving approximately \$97 million. Those hearings involved requests for rate increases and new charges by electric utilities, gas companies, telephone companies, transportation companies and water and sewer companies. The PSC approved increases totaling approximately \$62.5 million in additional revenues or 64% on average of the amounts requested. In some cases, the Division of Consumer Advocacy presented expert testimony on cost of capital, accounting, and rate design on issues under consideration.

In addition, the Division of Consumer Advocacy assisted customers of both regulated and non-regulated utilities with inquiries about their bills and possible service problems.

B. S.C. Department of Insurance

The Division of Consumer Advocacy participated in hearings involving 31 insurance filings at the S.C. Department of Insurance. Those filings involved 14 automobile insurance cases, 10 homeowners cases, and 7 various other cases. In the completed cases, the Chief Insurance Commissioner approved increases in premiums totaling approximately \$68 million or 48% of the \$142 million requested.

The Division of Consumer Advocacy also assisted consumers with insurance related inquiries.

Finally, the Division of Consumer Advocacy monitored insurance legislative developments and reviewed various legislative proposals that would affect South Carolina policyholders.

C. Continuing Care Retirement Communities

The Department is responsible for licensing continuing care retirement communities pursuant to the Continuing Care Retirement Community Act by assessing their financial soundness. The Division of Consumer Advocacy participated in contested case hearings pertaining to facility licensing. The Division worked closely with all South Carolina CCRCs to insure that the transition from an unregulated to a regulated business environment is successful. Twelve CCRCs received their first licenses. The number includes 16 locations since one corporation, Presbyterian Home of South Carolina, Inc., operates five locations as separate corporate divisions.

D. Federal Agencies

1. Federal Energy Regulatory Commission (FERC)

The Division of Consumer Advocacy is participating in the restructuring proceedings of Transcontinental Gas Pipe Line Company, RS-92-86-000; and Southern Natural Gas Company, RS-92-10-000; which are a result of FERC's Order No. 636 and 636-A. These orders have called for a restructuring of the natural gas industry in hopes of making the industry more competitive. However, the restructuring could end up costing consumers heavily as companies seek to recover the costs related to restructuring. The Division will also monitor appeals of Orders 636 and 636-A in the federal courts.

The Division of Consumer Advocacy is involved in a proceeding whereby Duke Power Company is seeking approval from the Federal Energy Regulatory Commission to sell 400 mw of firm capacity to Carolina Power Light Company.

2. Federal Communications Commission (FCC)

The Division of Consumer Advocacy monitored a variety of decisions, policies, and proposals before the Federal Communications Commission affecting South Carolina telecommunications subscribers.

The Division of Consumer Advocacy is still participating in a pending FCC Notice of Proposed Rulemaking concerning price cap regulations and policies for dominant, as well as local exchange, carriers.

The Division of Consumer Advocacy filed Reply Comments in March 1992 on behalf of the National Association of State Utility Consumer Advocates (NASUCA) in CC Docket No. 91-281 concerning the establishment of rules and policies regarding interstate Caller ID services. There is currently no uniform nation-wide standard for blocking of a party's calling number. The position taken by the CA and NASUCA is that telephone carriers providing interstate Caller ID should respect any form of blocking allowed by the state in which the call originates; that the FCC should not establish a nation-wide policy that would lessen any

protections currently established by individual states; and that other forms of calling number identification which cannot be blocked, such as Automatic Number Identification (ANI), be discontinued in favor of methods which do allow consumers to choose to block their calling number. The FCC has not yet issued a decision.

The Division of Consumer Advocacy filed comments in DA 92-590 in which the FCC is considering whether to preempt the regulations adopted by the South Carolina Public Service Commission governing blocking of access to pay-per-call services using the 900 and 976 prefixes. The PSC had required that a ballot be sent to all local telephone customers in South Carolina to make a choice whether or not they wanted their telephone's access to these services blocked. The PSC determined that if the ballot was not returned, that customer would have his access blocked. Several pay-per-call organizations have asked the FCC to force the PSC to determine that ballots not returned would not have their access automatically blocked. Due to the overwhelming flood of complaints received by the Department concerning 900 charges, the Division has fully supported the PSC's decision. In January 1993, the FCC issued Order preempting the South Carolina PSC's decision. PSC filed for reconsideration. FCC has yet to rule.

III. Civil Proceedings

A. Utility Litigation

The Division of Consumer Advocacy has been involved in 25 appeals to the Circuit Court of final orders of the Public Service Commission. Two cases were argued by the Division of Consumer Advocacy before the Circuit Court. Three cases were argued before the S.C. Supreme Court and five are pending before that Court.

The Division of Consumer Advocacy has continued to monitor Federal court cases in conjunction with the National Association of State Utility Consumer Advocates (NASUCA).

IV. Organizational Involvement

The Consumer Advocate serves on the Reinsurance Facility Board of Governors and provided recommendations on various automobile insurance issues. The Consumer Advocate also serves on the Health Care Planning Committee.

Staff attorneys for the Division of Consumer Advocacy served on the NASUCA Gas, Water, Electric and Telecommunications Committees.

A staff attorney serves on the Advisory Committee for the S.C. Telephone Relay service, which provides a bridge between the deaf-hard of hearing community and the rest of the state's citizens.

V. Legislative Involvement

A. Federal Legislation

At its request, the Division of Consumer Advocacy continued to assist the National Association of State Utility Consumer Advocates (NASUCA) in its ongoing evaluation of the potential impact of holding company act amendments, and other energy and telecommunications issues.

The Division of Consumer Advocacy also monitored other Federal legislation related to FERC and FCC regulatory matters.

B. State Legislation

The Division of Consumer Advocacy monitored and evaluated legislation affecting the interests of consumers. The Consumer Advocate and staff attorneys for the Division testified before legislative committees and sub-committees regarding automobile, workers' compensation and health insurance, and telecommunications.

INFORMATION PROCEDURE

Requests for information may be made to any appropriate division of the S.C. Department of Consumer Affairs. The appropriate division for inquiries relating to complaints or statistics is the division of Consumer Services. The appropriate division for inquiries relating to office management, personnel, budget, notifications, and fees is the division of Administration.

All requests for information which require a response in the nature of a legal opinion or interpretation or a statement of official policy or position of the agency must be submitted in writing.

Submissions or suggestions designed to improve the operation of the S.C. Department of Consumer Affairs should be submitted in writing to the Administrator of the S.C. Department of Consumer Affairs, without regard to the division or activity to which they may pertain.

Requests for copies of publications, which may from time to time be issued by the S.C. Department of Consumer Affairs, should be addressed to the division of Administration. These requests may be in writing, by telephone or by personal visit.

Requests or submissions of any nature may be made in writing to the office of the Administrator of the S.C. Department of Consumer Affairs.

The agency's offices are located at 2801 Devine Street, Columbia, S.C. The mailing address is the S.C. Department of Consumer Affairs, P.O. Box 5757, Columbia, S.C. 29250. The number is 1-800-922-1594 (toll free in South Carolina).

IV. Organizational Information

The Consumer Advocate serves on the Insurance Facility Board of Governors and provided recommendations on various automobile insurance issues. The Consumer Advocate also serves on the Health Care Planning Committee.

Staff attorneys for the Division of Consumer Advocacy served on the BASICA Gas, Water, Electric and Telecommunications Committees.

A staff attorney serves on the Advisory Committee for the S.C. Telephone Relay service, which provides a bridge between the deaf hard of hearing community and the rest of the state's citizens.

HISTORICAL DATA

August 13, 1974	The S.C. Department of Consumer Affairs was established by Act 1241 of 1974, as amended.
August 19, 1974	First commissioners appointed to the S.C. Commission on Consumer Affairs.
August 29, 1974	First members appointed to the Council of Advisors on Consumer Credit.
September 30, 1974	Irvin D. Parker of Columbia appointed as the first administrator of the S.C. Department of Consumer Affairs.
November 1, 1974	S.C. Department of Consumer Affairs became operational.
September 29, 1976	Act 686 of 1976, which added to the S.C. Consumer Protection Code those portions of the Uniform Consumer Credit Code which pertained to loans and licensed lenders, became effective.
July 25, 1978	The Division of Consumer Advocacy was created by Act 644, as a new division within the S.C. Department of Consumer Affairs, with the designation of the Administrator of Consumer Affairs as the Consumer Advocate. Steven W. Hamm named first head of Division. The Act also altered the composition of the Commission on Consumer Affairs, increasing its membership to 11.
Spring, 1980	Acts 326, 337, 411, 433 and 475 were passed which provided substantial changes to the S.C. Consumer Protection Code. These changes included clarification of the law regarding usury; retention of minimum charge for consumer credit sales/loans repayment; brought State Chartered Credit Unions under the S.C. Consumer Protection Code; allows 90 days for the S.C. Insurance Commissioner to approve or disapprove forms and rate schedules; provides escalator provision for designated dollar amounts in S.C. Consumer Protection Code; increased allowable rates for revolving charge accounts and for nonsupervised lenders; conformed 3 month S.C. Consumer Protection Code notice provision to Federal Reserve Board regulation; addresses mail order loan

territorial application sales/loan
situation.

June 12, 1981 Act No. 107, the S.C. Private Personnel Agency Act was passed. This legislation licenses, regulates and monitors the activities of employment agencies or individuals engaged in obtaining employment for others and designates the S.C. Department of Consumer Affairs, among others, as an agency responsible for investigating complaints from consumers about the activities of employment agency type businesses as well as using their enforcement jurisdiction and authority when appropriate.

July 1, 1981 Irvin D. Parker of Columbia resigned as administrator/consumer advocate of the S.C. Department of Consumer Affairs.

August 4, 1981 Roy C. Harms appointed Acting Administrator of the S.C. Department of Consumer Affairs. Steven W. Hamm appointed Acting Consumer Advocate of the S.C. Department of Consumer Affairs.

September 22, 1981 Steven W. Hamm of Columbia appointed as Administrator/Consumer Advocate of the S.C. Department of Consumer Affairs.

July 1, 1982 Act 385, the Consumer Protection Code Revision Act of 1982 became effective. The act deregulates interest rates and provides for a business established maximum rate structure. All first mortgage loans were removed from the S.C. Consumer Protection Code and some additional charges were provided for. Consumer protections were increased by strengthening the provisions on unconscionability, requiring other state agencies to investigate complaints, providing the S.C. Department of Consumer Affairs with authority to investigate unfair trade practices and to file suit on behalf of consumers when the actual damages were \$300 or less.

December, 1983 Governor Richard W. Riley designated the S.C. Department of Consumer Affairs as an additional official liaison with the U.S. Consumer Product Safety Commission which has duly commissioned its officials, under the

authority of the U.S. Consumer Product Safety Act, to conduct inspections and investigations under the Consumer Product Safety Act, the Federal Hazardous Substances Act, the Poison Prevention Packaging Act, the Flammable Fabrics Act, and the Refrigerator Safety Act.

September 20, 1984

The Motor Club Services Act became effective. The act requires that any organization which sells, furnishes or makes available to its members any motor club services must obtain from the S.C. Department of Consumer Affairs a Certificate of Authority to operate. Application for an operating Certificate of Authority requires a bond or deposit of bond in cash or securities of \$50,000, a certified copy of its charter from the Secretary of State, articles of incorporation, by-laws, financial statement and an explanation of its plan for doing business plus other documentation. The law applies to towing services, bail and arrest bond service, emergency road services, claim adjustment services, legal services, map services, emergency travel expense services, merchandise and discount services, travel touring and travel information services, financial services, check cashing services, personal property registration services, credit card services, insurance services, and buying and selling services to club members.

June 6, 1985

Act No. 127 of 1985 became effective. The act provides that a creditor may contract for property insurance on property all or part of which is related to the credit transaction.

June 20, 1985

Act No. 153 of 1985 was signed into law by Governor Richard W. Riley. The act amended the Consumer Protection Code so as to make it clear that it was unconscionable to charge excess prepaid finance charges no matter how those charges were designated if they substantially exceeded the usual and customary charges for a particular type of loan. The intent of the act was to prevent misrepresentation of rates and the charging of unconscionable rates no matter how they were disclosed or identified.

June 24, 1985	Governor Richard W. Riley signed the Physical Fitness Services Act into law. The act provides that everyone providing physical fitness services, for profit, in South Carolina must pay a yearly fee and obtain a Certificate of Authority from the S.C. Dept. of Consumer Affairs. Organizations utilizing membership contracts must post a bond or demonstrate financial responsibility that will satisfy claims against the business. All operators must submit a certified copy of their charter from the Secretary of State, copies of membership agreements and contracts and a list of all outlets. Organizations that have been in business for five years (at the time the legislation was enacted) are exempt from the bonding requirement.
January 1, 1986	Act No. 121 of 1985 became effective. The act added Part 7 to Chapter 2 of the South Carolina Consumer Protection Code. The part regulates consumer rental-purchase agreements and requires rental-purchase businesses to file a notification form with the S. C. Dept. of Consumer Affairs.
May 6, 1986	Act No. 401 of 1986, which authorized a two dollar minimum charge for property insurance, became effective.
May 12, 1986	Governor Richard W. Riley signed into law an act providing that no action for damages arising out of the defective or unsafe condition of an improvement to real property may be brought more than 13 years after substantial completion of the improvement. The act requires the S. C. Dept. of Consumer Affairs to publish notice of owners' or possessors' right to enter into any contractual agreement which extends any guarantee of an improvement being free from defect beyond the 13 years as provided in the act.
June 3, 1988	Act No. 16-17-445 of 1988 became effective. The act placed restrictions on unsolicited and automatically dialed consumer telephone calls and designated the Department as the enforcement agency.
July 1, 1988	Act No. 166 of 1987 became effective whereby

the Consumer Advocate is to review auto insurance rate and recoupment filings to ensure compliance with the Act.

July 1, 1988

Act No. 491 of 1988 became effective. The act defines, clarifies and limits the charges and fees that may be imposed in connection with a pawn transaction and designated the Department as the enforcement agency.

October 1, 1988

Act 544 of 1988 becomes effective. The act clarifies the steps that must be taken by a loan broker before funds from a customer can be earned and retained. The bill also requires loan brokers to register with the Department and to escrow any funds paid by a consumer until such time that the broker secures a loan for the consumer. An amendment to Act 544 was made April 26, 1989 with Act 52§2. The 1989 amendment replaced a penalty of \$1,000 dollars, with a "penalty of no less than one thousand no or more than \$2,500, in the discretion of the administrator," and added provisions relative to decreasing the bonding requirement.

May 30, 1989

Act 119 of 1989. Governor Carroll A. Campbell, Jr. signed into law an act which amended portions of the South Carolina Code relating to credit service and loan finance charges. The act provides that when a lender has filed rates but has not posted them properly, that lender may be subject to a fine of up to \$5,000.00 payable to the Department of Consumer Affairs.

June 5, 1989

Act 142 of 1989. An act typically known as the "Lemon Law" became effective October 1, 1989. It is designed to enforce express warranties on motor vehicles. The act provides for the manufacturer's reasonable attempts to cure, then replacement of the motor vehicle or a refund of the purchase price. The Department was directed to enforce the new act.

June 5, 1989

Act 144 of 1989. An act became effective which amended the Code to delete the requirement that a consumer incur additional debt after notification of a change in terms in revolving charge and loan accounts. The

act also required such a notification to state that the consumer may pay the existing balance under the terms in effect, if the customer chooses to cancel the account. In addition, sections 37-2-405 and 37-3-402 were amended to exempt from their requirements all credit transactions and all consumer loans if the contracts specified a formula for determining the rate of finance charge upon refinancing a balloon payment.

Act 164 of 1989 became effective amending sections 37-2-202, 37-3-202 & 37-10-102. Increases maximum allowed for assumption fees under the S.C. Consumer Protection Code.

July 1, 1989

Act 148 of 1989. The Automobile Insurance Reform Act went into effect in an attempt to lower the cost of mandatory automobile insurance. The act provides, among other things, that insurers be required to grant safe driver discounts. It also provides for a review of rates as well as periodic rate adjustments. Also incorporated in this act is the requirement that occupants of motor vehicles wear properly fastened safety belts. The Department of Consumer Affairs directed to intervene in Automobile Insurance rate filings before the Chief Insurance Commissioner.

July 1, 1990

Act 97 of 1990. The State Continuing Care Retirement Community Act. The act requires that the Department of Consumer Affairs issue a license to a person filing an application in accordance with section 37-11-30 of the S.C. Code of laws if the Department is satisfied that: (a) the individuals responsible for the conduct of the affairs of the applicant are competent and trustworthy and have good reputations; (b) The continuing care retirement community is financially responsible and can meet its obligations to residents; (c) The operator has demonstrated a willingness and the potential ability to assure that the health care or health-related services will be of good quality; (d) The operator has complied with all requirements of DHEC concerning the furnishing of nursing, medical, or other health-related services.

July, 1990	Act 456 of 1990. The Athletic Agents Act requires that each athlete agent register biennially with the Department of Consumer Affairs on forms to be provided by the department and, at the same time, pay to the department a registration fee of three hundred dollars, for which the department shall issue a certificate of authority entitling the holder to operate as an athlete agent for two years. The department may revoke or suspend the registration of an athlete agent for cause or for a violation of any provision of this chapter
June 12, 1991	Act 132 of 1991. The Department was made the licensing authority for auto brokers or its sublessors. It prevents brokers from engaging in that business without being bonded, disclosing buyers' and sellers' rights and duties and obtaining the lienholders written authorization to average the sale or sublease.
July 1, 1991	The law added certain allowable fees under the S.C. Consumer Protection Code, reduced allowable credit life premiums and added allowable administrative remedies under the Pawnbroker Act, the Physical Fitness Service Act and Unfair Trade Practices Act. Credit life premium reductions to be effective January 1, 1993.
July 1, 1992	Act 452 of 1992 regulates loan brokers (other than mortgage loan brokers previously regulated) and prevents the taking of advance fees for loan brokering. It is aimed at curbing advance fee loan frauds.
June 10, 1993	Act 161, Unfair Trade Practices Below Cost Gas Pricing, limits circumstances in which motor vehicle fuel retailers can sell below their costs and empowers the Department to investigate violative predatory pricing.
June 16, 1993	Mortgage Loan Broker Amendments increases the bond amount and requires compliance with certain portions of the Real Estate Settlement Procedures Act.
June 16, 1993	Employee Staff Leasing Act, requires registration examination and net worth assessment of businesses engaged in long

act also required such a notification to state that the consumer may pay the existing balance under the terms in effect, if the customer chooses to cancel the account. In addition, sections 37-2-405 and 37-3-402 were amended to exempt from their requirements all credit transactions and all consumer loans if the contracts specified a formula for determining the rate of finance charge upon refinancing a balloon payment.

Act 164 of 1989 became effective amending sections 37-2-202, 37-3-202 & 37-10-102. Increases maximum allowed for assumption fees under the S.C. Consumer Protection Code.

July 1, 1989

Act 148 of 1989. The Automobile Insurance Reform Act went into effect in an attempt to lower the cost of mandatory automobile insurance. The act provides, among other things, that insurers be required to grant safe driver discounts. It also provides for a review of rates as well as periodic rate adjustments. Also incorporated in this act is the requirement that occupants of motor vehicles wear properly fastened safety belts. The Department of Consumer Affairs directed to intervene in Automobile Insurance rate filings before the Chief Insurance Commissioner.

July 1, 1990

Act 97 of 1990. The State Continuing Care Retirement Community Act. The act requires that the Department of Consumer Affairs issue a license to a person filing an application in accordance with section 37-11-30 of the S.C. Code of Laws if the Department is satisfied that: (a) the individuals responsible for the conduct of the affairs of the applicant are competent and trustworthy and have good reputations; (b) The continuing care retirement community is financially responsible and can meet its obligations to residents; (c) The operator has demonstrated a willingness and the potential ability to assure that the health care or health-related services will be of good quality; (d) The operator has complied with all requirements of DHEC concerning the furnishing of nursing, medical, or other health-related services.

July, 1990	Act 456 of 1990. The Athletic Agents Act requires that each athlete agent register biennially with the Department of Consumer Affairs on forms to be provided by the department and, at the same time, pay to the department a registration fee of three hundred dollars, for which the department shall issue a certificate of authority entitling the holder to operate as an athlete agent for two years. The department may revoke or suspend the registration of an athlete agent for cause or for a violation of any provision of this chapter
June 12, 1991	Act 132 of 1991. The Department was made the licensing authority for auto brokers or its sublessors. It prevents brokers from engaging in that business without being bonded, disclosing buyers' and sellers' rights and duties and obtaining the lienholders written authorization to average the sale or sublease.
July 1, 1991	The law added certain allowable fees under the S.C. Consumer Protection Code, reduced allowable credit life premiums and added allowable administrative remedies under the Pawnbroker Act, the Physical Fitness Service Act and Unfair Trade Practices Act. Credit life premium reductions to be effective January 1, 1993.
July 1, 1992	Act 452 of 1992 regulates loan brokers (other than mortgage loan brokers previously regulated) and prevents the taking of advance fees for loan brokering. It is aimed at curbing advance fee loan frauds.
June 10, 1993	Act 161, Unfair Trade Practices Below Cost Gas Pricing, limits circumstances in which motor vehicle fuel retailers can sell below their costs and empowers the Department to investigate violative predatory pricing.
June 16, 1993	Mortgage Loan Broker Amendments increases the bond amount and requires compliance with certain portions of the Real Estate Settlement Procedures Act.
June 16, 1993	Employee Staff Leasing Act, requires registration examination and net worth assessment of businesses engaged in long

term leases of employee services to other businesses.

On June 10, 1992, the Department of Consumer Affairs issued a notice to the public regarding the Department's new rules for the regulation of businesses. The notice stated that the Department had received information from the public that certain businesses were operating in violation of the rules. The Department stated that it had conducted an investigation and had found that the businesses were in violation of the rules. The Department stated that it had issued a notice of violation to the businesses and that it had taken action to enforce the rules. The Department stated that it had received information from the public that the businesses were operating in violation of the rules. The Department stated that it had conducted an investigation and had found that the businesses were in violation of the rules. The Department stated that it had issued a notice of violation to the businesses and that it had taken action to enforce the rules.

On June 10, 1992, the Department of Consumer Affairs issued a notice to the public regarding the Department's new rules for the regulation of businesses. The notice stated that the Department had received information from the public that certain businesses were operating in violation of the rules. The Department stated that it had conducted an investigation and had found that the businesses were in violation of the rules. The Department stated that it had issued a notice of violation to the businesses and that it had taken action to enforce the rules. The Department stated that it had received information from the public that the businesses were operating in violation of the rules. The Department stated that it had conducted an investigation and had found that the businesses were in violation of the rules. The Department stated that it had issued a notice of violation to the businesses and that it had taken action to enforce the rules.

On June 10, 1992, the Department of Consumer Affairs issued a notice to the public regarding the Department's new rules for the regulation of businesses. The notice stated that the Department had received information from the public that certain businesses were operating in violation of the rules. The Department stated that it had conducted an investigation and had found that the businesses were in violation of the rules. The Department stated that it had issued a notice of violation to the businesses and that it had taken action to enforce the rules. The Department stated that it had received information from the public that the businesses were operating in violation of the rules. The Department stated that it had conducted an investigation and had found that the businesses were in violation of the rules. The Department stated that it had issued a notice of violation to the businesses and that it had taken action to enforce the rules.

Total Number of Documents Printed	<u>255</u>
Cost Per Unit	\$ <u>1.74</u>
Printing Cost - S.C. State Budget & Control Board (up to 255 copies)	\$ <u>442.76</u>
Printing Cost - Individual Agency (requesting over 255 copies and/or halftones)	\$ <u>-</u>
Total Printing Cost	\$ <u>442.76</u>

